



June 26, 2015

To: Executive Board

Subject: **Exercise of Contract Option – Transit Bus Procurement**

Recommendation

Authorize the Executive Director to negotiate final terms and conditions and exercise Option No. 3 of Contract No. 12-040 with New Flyer for the purchase of 30 compressed natural gas (CNG) fueled, 40-foot Excelsior buses at a total cost of \$19,096,113.30, including delivery and sales tax.

Analysis

Foothill Transit currently has 30 buses that are eligible for retirement. These vehicles are proposed to be replaced with 40-foot, compressed natural gas powered coaches.

In March 1, 2013 Foothill Transit entered into a contract with North American Bus Industries, Inc. (NABI) for a base order of 30 buses with an option for 120 buses. The option may be exercised at any time within five years of the original date of the contract. Foothill Transit exercised Option No. 1 to purchase 30 buses on January 8, 2014 and Option No. 2 for 30 additional buses on June 20, 2014.

NABI subsequently assigned, with Foothill Transit's written consent, Agreement No. 12-040 to NABI Bus, LLC, then again in January 2015 from NABI Bus, LLC to New Flyer in connection with several mergers that took place. So, in exercising this third option, Foothill Transit will be purchasing 40-foot CNG New Flyer Excelsior buses and not the 42-foot NABI buses as from previous purchases. The 42-foot NABI bus is no longer in production.

Foothill Transit has obtained Federal Transit Administration (FTA) concurrence that this is allowable under FTA procurement guidelines.

New Flyer has provided a proposed price for the purchase of the buses based on Foothill Transit's current bus specifications and options. As required by FTA's Procurement Guidelines, the pricing of the option buses was evaluated as part of the original procurement. For this purchase, the cost is derived from the base order of thirty 42-foot coaches delivered to Foothill Transit in 2013, and includes appropriate producer price index (PPI) increases. Also as required by the FTA, a price analysis has been conducted and documented



and the price of these 30 buses has been determined to be fair and reasonable.

Foothill Transit's bus fleet retirement schedule calls for retiring 30 series 1400 buses in FY 2015-2016. It is also anticipated that, should LA Metro decide to cancel Lines 190, 194 and 270, Foothill Transit may begin providing service on these lines in late summer of 2016. Based on initial conversations with New Flyer, if the Board authorizes the exercise of Option No. 3 and a contract amendment is signed in July, delivery of the 40-ft. New Flyer Excelsior buses will be complete in May 2016, in time for Foothill Transit operation of Lines 190, 194, and 270.

Budget Impact

The total cost of 30 New Flyer 40-foot buses is \$19,096,113.30, including delivery and State of California sales/use tax. Funding for these buses is included in Foothill Transit's FY 2015-2016 Budget.

Sincerely,

A blue ink signature of Roland M. Cordero.

Roland M. Cordero
Director of Maintenance & Vehicle Technology

A blue ink signature of Doran J. Barnes.

Doran J. Barnes
Executive Director